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Message Text

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PAGE 01 CAIRO 12396 081647Z
ACTION NEA-11

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03
INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02 OPIC-03
SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07
CEA-01 PA-01 /091 W
----------043558 081705Z /47
R 081641Z MAY 78
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 8855

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E.O. 11652: N/A
TAGS: EFIN, ECON, EG
SUBJ: FINAL PA APPROVAL OF GOE TAX LAW

REF: CAIRO 10767

1. ALL CAIRO PAPERS MAY 8 CARRIED DETAILS CONCERNING TAX REFORM LEGISLATION WHICH WAS FORMALLY APPROVED BY PEOPLES ASSEMBLY MAY 5, LEGISLATIVE ACTION CAME IN RESPONSE TO URGING BY PRESIDENT SADAT IN MAY 2 SPEECH WHEREIN PRESIDENT URGED LEGISLATORS TO MOVE ON TAX BILL QUICKLY.

2. NEW LAW TAKES EFFECT UPON SIGNATURE BY PRESIDENT AND WILL BE RETROACTIVE TO JANUARY 1978. PROVISIONS REPORTEDLY INCLUDE FULL EXEMPTION FOR INCOMES UNDER LE 600 FOR SINGLE PERSONS AND LE 660 FOR MARRIED PERSONS. EXCESS TAXES THAT HAVE BEEN PAID SINCE JAN 1, 1978, WILL BE RETURNED THROUGH PAYROLL ADDITIONS. MINFIN SALEH HAMED INDICATED TO PRESS THAT EXECUTIVE REGULATIONS REGARDING IMPLEMENTATION OF LAW WOULD BE OUT IN NEAR FUTURE.

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3. COMMENT: PASSAGE OF TAX REFORM ACT AFTER ALMOST 15 MONTHS IN LEGISLATURE CAN ONLY BE REGARDED AS PARTIAL VICTORY FOR GOE LEADERSHIP, PARTICULARLY SINCE PA MADE MANY AMENDMENTS TO ORIGINAL BILL. EMBASSY WILL ATTEMPT OBTAIN FINAL VERSION THIS WEEK FOR COMPARISON WITH ORIGINAL PROPOSALS. MINFIN SOURCES, HOWEVER, HAVE ALREADY BEEN TERMING THIS AS INTERIM MEASURE AND ARE ACTIVELY

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WORKING WITH VARIOUS CONSULTANTS--IRS,IMF, AND FORD
FOUNDATION-- TO DEVELOP NEW, MORE COMPREHENSIVE LAW BETTER
TO EFFECT REDISTRIBUTIDN OF INCOME AND STIMULATE INVEST-
MENT. GIVEN LENGTH OF TIME TAKEN TO PUSH MOST RECENT
EFFORT THROUGH LEGISLATURE, WE HAVE NO PREDICTIONS AS TO
WWEN GOE WILL BE READY TO TRY TAX REFORM AGAIN. EILTS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TAX LAW, DEVELOPMENT PROGRAMS, FINANCIAL CONTRIBUTIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 08 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Handling Restrictions: n/a
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